



How to Transform the Buying Experience?

FOCUS ON YOUR CUSTOMERS' SUCCESS

customer
THINK

Executive Summary

In recent years, we've seen a huge surge in interest in the Customer Experience. The vast majority of business leaders say they want to differentiate based on great experiences. In 2016, Forrester found that 72% of businesses say improving customer experience is their top priority.¹

But marketing and sales organizations have lagged behind, especially in business-to-business (B2B). Jobs are typically designed around what the seller wants, not what buyers need. Marketing is tasked with generating leads and sales with making quota, and often these functions don't work together.

As a result, customers don't get a great buying experience. More importantly, *they don't get the help they seek to solve their business problems*. This paper will cover how to transform your customer's buying experience by making their success part of your company DNA.

Here are the main conclusions and recommendations:

1. Independent research suggests that companies have an overly optimistic view of how well they understand buyer goals and how fully they deliver what buyers value.
2. Only about one in five report their organizations have achieved a clear success with their buyer experience initiatives. ROI on buyer experience initiatives is driven by improvements in customer satisfaction and loyalty/retention, faster revenue growth, and improved efficiencies.
3. Improving the buying experience will require a coordinated approach to deliver the right content, hire and train employees, and enable with appropriate solutions. Most of all, leadership will be required to shift the orientation to achieving the *customers'* business outcomes.
4. Key obstacles include poor understanding of the buyer's journey, lack of cross-organization cooperation, marketing content that doesn't engage buyers, and sales reps struggling to connect solutions to their prospects' issues.
5. Over the next two years, organizations plan substantial investments in marketing and sales automation, e-commerce, content management, sales playbook solutions, and purchasing systems.

¹ "A Customer-Obsessed Operating Model Demands A Close Partnership With Your CIO," Forrester, April 2016

Buyer Experience Management

The practice of Customer Experience Management (CXM) is focused on a) understanding how customers (including prospects/buyers) perceive their experiences, then b) making improvements that will improve those perceptions so that c) customers are more loyal.

Increased loyalty is what drives revenue growth over time. In a study of 13 different industries, Forrester found that CX improvements were linked to revenue increases.² Improvements of just one point in loyalty (retention, enrichment, and advocacy) could drive additional revenue ranging from \$5M for credit card providers to \$873M for mass market auto manufacturers.

At a high level, this makes complete sense. Better experiences drive more revenue because of the “loyalty effect” – loyal customers tend to remain customers longer and increase their spending.³

While this may appeal to senior executives focused on long-term strategy, it has been difficult to translate into a clear ROI for B2B CX initiatives. A 2015 CustomerThink study found just 24% of B2B CXM initiatives were successful, compared to 41% for B2C.

A 2017 study focused specifically on the B2B *buying* experience found weaker results in the two categories that combine to represent clear success:

- 14% reported that “business outcomes can be quantified”
- 4% reported that “we’ve created a competitive advantage”

Of the balance, the majority can be said to be making an effort, with 23% “just starting out” and 43% “making progress.” Only about one in 10 say they either have no plans or tried and failed.

These results are striking considering that in the same survey, 97% believe that “improving the quality of the buying experience – as buyers perceive it – will help the company improve its sales performance and grow revenue more rapidly.” Yet only 16% say their organizations have achieved significant benefits in the form of top-line revenue growth.

What Do Customers Really Want? Success!

Clearly there is much work to be done. Why such a big gap between CX aspirations and results?

The answer lies in whether the organization is focused on the *customer’s* success, says Amir Hartman, author of *Competing for Customers* (2016) and Executive Director, Customer Strategy at Oracle.

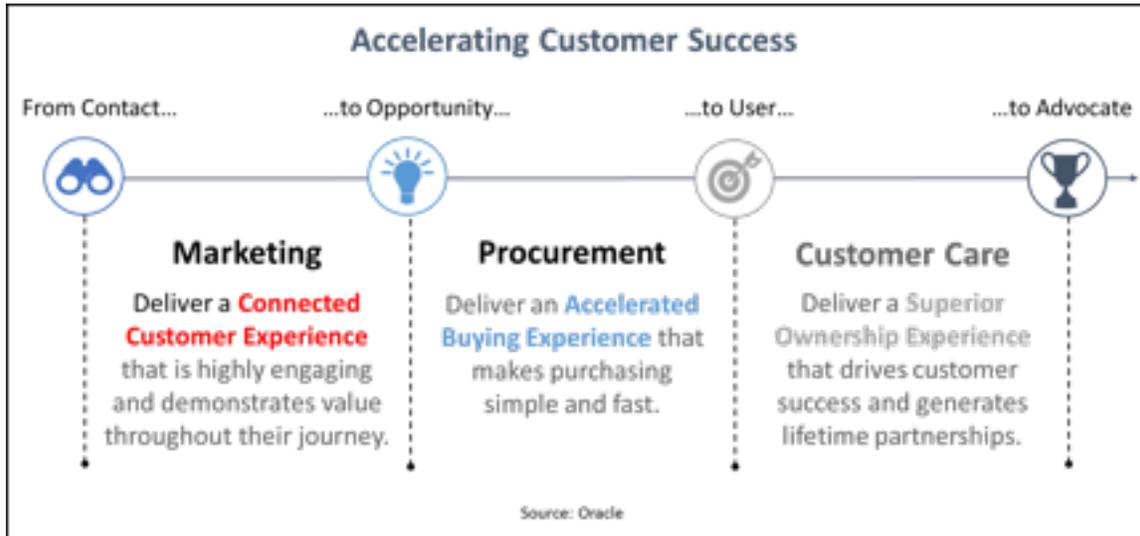
Customer Success is the set of activities and resources an organization provides to its “customers” throughout their journey, with the purpose of increasing the likelihood that they achieve their desired business outcomes.

The complete journey can include a broad range of interactions such as researching alternatives, engagement with sales professionals, purchasing, using the product or service, and getting help when problems occur.

² “Drive Revenue with Customer Experience, 2017” Forrester Research

³ *The Loyalty Effect: The Hidden Force Behind Growth, Profits, and Lasting Value*, Frederick F. Reichheld, 2001

The focus of customer success initiatives varies, depending on the customer’s stage. Early stages focus on engaging interactions, purchasing is more about ease and speed, and post-sales service concerned with resolving problems and preserving long-term loyalty.



Sales professionals continue to play a critical role in complex B2B buying experiences.

- McKinsey research found that the quality of the “sales experience” was an important factor in being perceived as “an outstanding company for your company’s needs.” Researchers assessed the “derived importance” of the sales experience at 25%, second only behind product/service features at 34%.⁴
- In a study by the CEB, the sales experience is worth 53% of the buyer’s likelihood to continue buying, deepen their relationship with the seller, and be an advocate to others. In essence, the CEB found that “the best companies don’t win through the quality of the products they sell, but through the quality of the insight they deliver as part of the sale itself.”⁵

So, once again, what do buyers want? Short answer: **solving their problems!**

A 2012 Forrester Research study⁶ found: “The overwhelming majority (63%) of executives surveyed agreed that a salesperson who understood their business problems and offered a clear path to solving them was valuable.” Unfortunately, the same study found these were the *least common* traits perceived by buyers.

Five years later, have B2B organizations made improvements? According to CustomerThink’s 2017 survey, a solid majority (56%) agree that “Our sales representatives understand our prospects’ business problems and offer a clear path to solving them.”

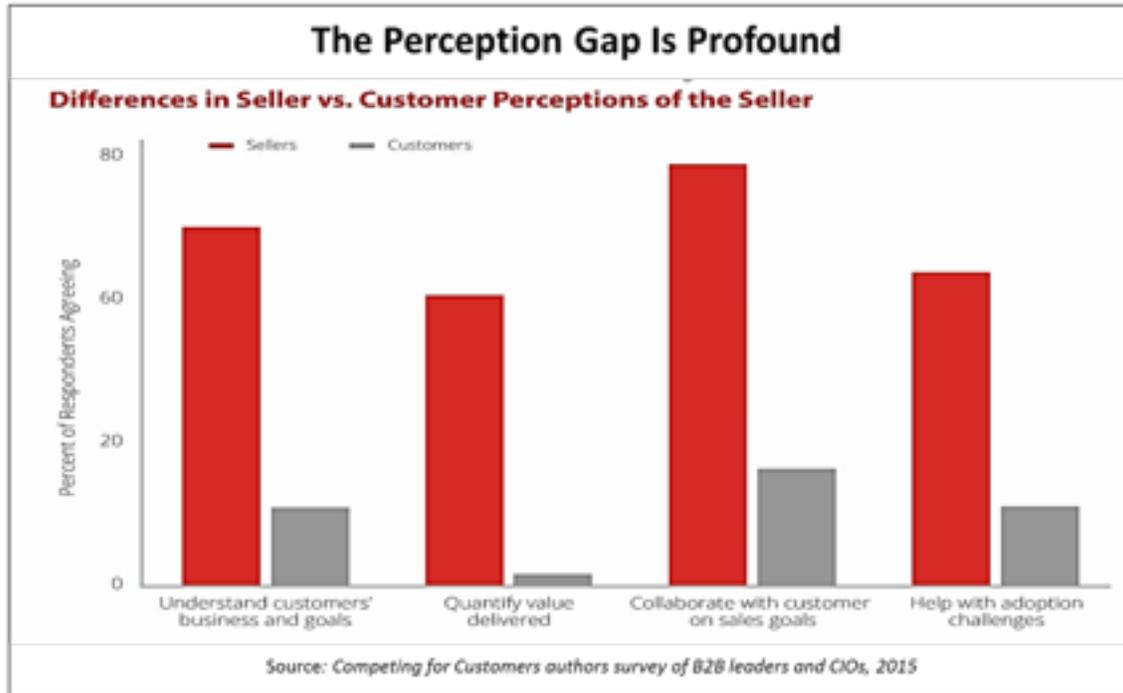
That suggests good progress, but it may not match buyer perceptions. Hartman’s research found huge gaps between seller and customer perceptions on four issues that more precisely define what it means to

⁴ Sales Growth: Five Proven Strategies from the World’s Sales Leader, McKinsey, 2016

⁵ The Challenger Sale: Taking Control of the Customer Conversation, by Matthew Dixon and Brent Adamson, 2011

⁶ “Executive Buyer Insight Study: Defining The Gap Between Buyers And Sellers,” Forrester Research, 2012

focus on “customer success” – understanding customers’ business goals; quantifying value delivered; collaborating with customer on sales goals; and helping with adoption challenges.



Making the Case

In CustomerThink’s experience, high-level industry studies are rarely sufficient to convince top management to invest in a CX program. First, it’s essential to have a strong economic case.

Lynn Hunsaker of Clearaction, an expert in B2B CXM, puts it this way:

“Money talks. And logic. Upper management may need to be reminded about the source of revenue: investors leave when customers leave, not the other way around. Earnings per share increases when profitable customers organically expand share of budget with the company. Show the % of customers retained, their revenue contribution, their purchase expansion beyond the first product they bought, their influence on other customers and prospects.”

Second, anecdotes and stories can help support the numbers, building a more emotional connection that the initiative is the right thing to do. Finally, linking to a CXM initiative to a “burning platform” – critical business problem such as declining sales, profitability, etc. – will help open the checkbook.⁷

Customer success proponents must explain where the company will get a return. Hartman offers a framework to help identify sources of benefits from preserving revenue from existing customer, expanding revenue from existing customers, and gaining referral revenues from new customers. Specific benefits can be identified based on reduced churn, faster sales cycles, and efficiencies, and so on.

⁷ “3 Strategies to Sell the CEO on Customer Experience Management (CXM)”, Nov. 27, 2015



Success initiatives can be focused on specific portions of the customer journey.

For example, Cisco is working to transform its marketing function from product-centric content to information that customers truly care about at early stages of their journey. Hartman recommends looking beyond the immediate sale and developing content to encourage retention and growth, such as best practices and upgrade success stories.

Similarly, GE is working to shift from selling products to business outcomes. The turbine division is experimenting with selling reduction of cost per unit of energy, because that’s an outcome its utility customers care most about.

Hartman stresses that a transformation to marketing and selling customer outcomes is not easy, even for industry leaders like Cisco and GE. But it’s the effort needed to connect with customers that demand higher levels of engagement to secure their business.

Closing the Gap

If your organization is one of the roughly 80% that have seen limited (or no) results from your buying experience initiatives, how can you close the gap?

Improving execution of key practices will help. Prior CustomerThink research on B2B CX initiatives found that it takes an integrated approach.

In a study of 13 different CX practices, “Leaders set a positive example” had the biggest impact: 88% of companies with successful CXM initiatives gave this practice a top 2 box rating.

Practices related to listening to the voice of customers, engaging effectively, and acting to resolve issues had a moderate impact on success. Experience design had a relatively low impact on success for B2B organizations.

This suggests that B2B companies reporting CXM success are doing a much better job of gathering customer feedback, making good decisions about what should be done, and aggressively acting to resolve customer issues. Again, this research was focused more broadly on the end-to-end customer experience, not just buying.

But there’s another important factor to consider, according to Hartman. **Is the customer getting the value from the acquired solution?** To do so, Hartman recommends five actions to help customer realize and recognize the value they are receiving:

1. Plan and manage adoption to increase the likelihood of program success
2. Identify KPIs to track and measure (short term and longer term)
3. Identify areas to improve the initiative and achieve it’s “full potential”
4. Assess and measure the customer’s realized value
5. Communicate in a language that is going to resonate with key stakeholders

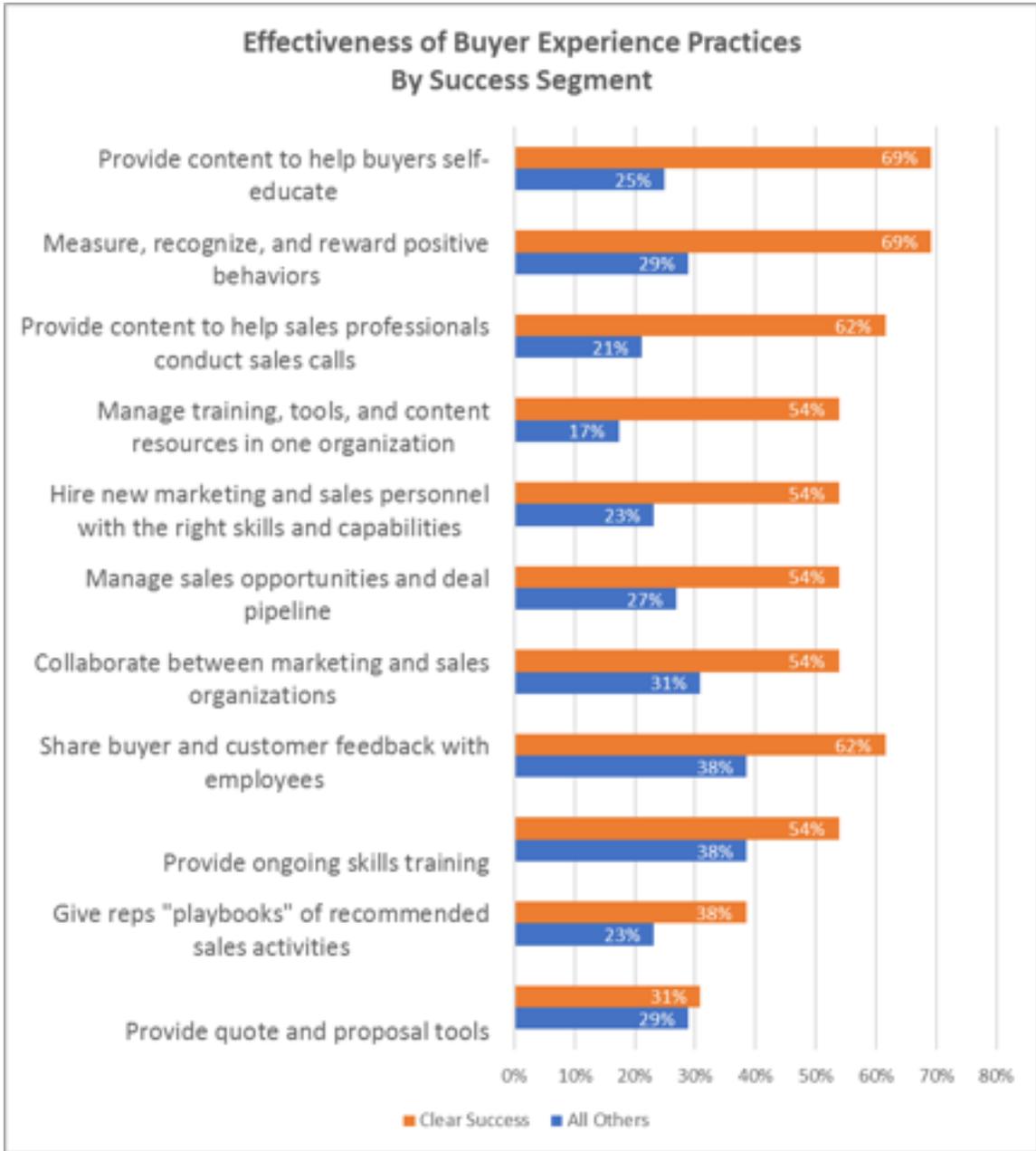
Invest in People, Process and Technology

CustomerThink research finds a number of practices specific to buying experiences can help improve success. The following chart compares practice effectiveness (top 2 box on a scale of 1 to 5) between respondents in two major segments:

- Clear Success – can quantify benefits and/or achieved competitive advantage
- All Others – the bulk of this segment were those “making progress”

The practices are ordered by the size of the gap between the two segments.





Consistent with many other CustomerThink studies, there does not appear to be any one “magic pill” that will transform an organization. Rather, it’s the leadership of a number of people, process, and technology practices that drives higher levels of success.

- The **RIGHT CONTENT** plays a big role – to help buyers self-educate and sales reps to engage effectively with buyers.
- **HUMAN RESOURCES** and organization issues are also important, including hiring the right people, providing them the skills, training, and recognition to encourage the right behaviors.
- **TECHNOLOGY** is essential to operationalize key practices, including organizing and distributing content, opportunity management, sales tools, and playbooks.

CustomerThink’s survey asked about solutions and service used, or planned within two years. Sales skills training is clearly leading the pack in terms of current usage, followed by e-commerce, content management, purchasing, and quoting solutions.

Future investments are widely distributed, with marketing and sales automation leading the list, selected by more than one-third of respondents. But e-commerce, content management, sales playbook solutions, and purchasing systems all exceeded 25%.



Amir Hartman says that Configure-Price-Quote (CPQ) tools support a more coordinated and efficient approach to serving the buyer, adding value to not only sales professionals and their management, but also to sales operations, channel partners, product management, support teams, and legal.

The goal is to resolve these common problems:

- Difficult to find product / pricing
- Selling activity and quoting managed outside the system
- Slow to launch new products or promotions to reps or channels
- Not responding fast to custom requests
- Slow to analyze deals and P&L for approval
- T&C templates are difficult to maintain
- Renewals need co-termination / pro-rating
- Disconnected tools with security and performance gaps



Clearly there are a wide variety of technology and service investments that can help improve the buyer's experience and help drive business outcomes. But it's also important to anticipate and deal with issues that can thwart success of buyer experience initiatives.

The top two issues were cited by about four out of ten respondents.

- **LACK OF UNDERSTANDING OF THE BUYER'S JOURNEY.** It's not for lack of data collection. To assess the quality of buyer experiences, about 75% of respondents say their organizations use customer feedback (surveys, social media, comments, emails, etc.) and 40% use customer interaction data (data from browsing web site, purchasing, etc.) Data does not necessarily mean insight.
- **LACK OF CROSS-ORGANIZATION COOPERATION.** Without a shared view of the buyer's journey, how the organization intends to engage, and supporting metrics, it's next to impossible to deliver a great experience. Some organizations are tackling this problem by merging marketing, inside sales, and field sales into one organization with shared revenue and customer satisfaction goals.⁸

The next two issues get to the heart of marketing and sales transformation, or lack thereof:

- 35% say that "marketing content doesn't engage today's empowered buyer."
- 30% say their "sales reps struggle to connect our solution to buyer issues."

Technology-related issues do factor, although to a lesser degree. Roughly one in four believe their efforts were undermined by lack of access to the right IT solutions, complexity, and limited training.

Interestingly, company culture and making the case to top management ranked at the bottom of the list of issues. This suggests more of an execution problem, which is consistent with numerous CustomerThink studies into customer-centric success. Top management wants to focus on the customer, and believes that the strategy will pay off. But, it's difficult to translate that aspiration into day-to-day operations that makes this strategy come to life for the organization and its customers.

About This White Paper

Unless otherwise noted, this this paper is based on information presented on a CustomerThink webinar March 2, 2017, along with data from an online survey fielded to CustomerThink's registered members in February, 2017. The survey collected 136 responses for B2B organizations, primarily in North America and Western Europe. This audience is not necessarily representative of the general business market.



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